



City of Alameda · California

May 27, 2020

Anthony Megliola – Base Closure Manager
Naval Facilities Engineering Command
BRAC Program Management Office WEST
33000 Nixie Way, Bldg. 50
San Diego, CA 92147

City of Alameda Annual Market Rate Residential Unit Report

Tony
Dear Mr. Megliola:

Pursuant to that certain ***Agreement for the Conveyance of Portions of the Naval Air Station Alameda from the United States of America to the Alameda Reuse and Redevelopment Authority*** dated June 6, 2000, as amended (***Conveyance Agreement***), the City of Alameda furnished to you on February 10, 2020, the City's most recent Annual Market Rate Residential Unit Report for the period ending June 30, 2019 ("***2019 Market Rate Unit Report***"). This 2019 Market Rate Unit Report was the latest annual report provided by the City since the execution of Amendment No. 2 to the Conveyance Agreement in 2012 (***Amendment No. 2***).

As the 2019 Market Rate Unit Report indicates, there have been no "excess" units constructed to date and we do not anticipate having any for several years. However, given the housing crisis in the Bay Area, there is pressure on local governments to permit the construction of additional housing units, with a specific emphasis on affordable units. Accordingly, we are asked regularly by State and local officials and developers as to how many units of housing can be built at Alameda Point.

Since the financial costs of exceeding the current housing cap established by Amendment No. 2 are rather burdensome,¹ the City will be forced to pass this cost on to developers, or to subsidize the cost of excess Market Rate Housing units. We anticipate developers may resist paying this cost, and we have been asked to confirm the cost and methodology for paying the Navy should the City exceed the housing cap established by Amendment No. 2.

In an attempt to address these requests, we added more detail to the 2019 Market Rate Unit Report than in previous reports² to explain how the existing market rate unit count and the future residential unit capacity were calculated. Among other things, the 2019 Market Rate Unit Report (i) identified the source of the 505 existing units as the sum of the 437 existing Bayport market rate units and 68 existing market rate units at the NAS Alameda historic district residential subarea, and (ii) added a line to the Annual Market Rate Residential Unit

¹ The City estimates the cost per market rate unit in excess of the Housing Cap exceeds \$100,000.00 pursuant to the formula set forth in Section 2(a)(3) of Amendment No. 2.

² Additional copy of 2019 Market Rate Unit Report attached.

City of Alameda Annual Market Rate Residential Unit Report

Report that documents the remaining future market rate unit capacity for development at Alameda Point.

Our reading of the operative language of Amendment No. 2, and the City/Navy Term Sheet that gave rise to Amendment No. 2, convinces the City that we need to include only Market Rate Units in the Housing Count, and pay the Navy only for the number of Market Rate Units that exceed that Cap. Based on this, and the 2019 Market Rate Unit Report, the City concludes that the total market rate unit cap is 1506 units. Most importantly, we read Amendment No. 2 as permitting the City to construct as many Affordable Units (as defined by California Health and Safety Code Section 50093 or Alameda Municipal Code Section 27-1.3) as may be approved by the Council without regard to the payment obligations of Amendment No. 2.

So that the City may reliably plan for future development to address the Bay Area housing crisis, and authoritatively establish a process to inform developers as to the cost and baseline for developing additional housing units at Alameda Point, we ask that you confirm (i) the numbers in the 2019 Market Rate Unit Report, and (ii) the methodology with which they were derived as described above.

If you have any questions, or if you wish to discuss our request, please call me directly at (510) 747-6899, or contact me directly by email at dpotter@alamedaca.gov.

Sincerely,

City of Alameda

By:



Debbie Potter

Community Development Director

Attachment: Annual Market Rate Residential Unit Report for the Period Ending June 30, 2019

Cc: w/attachment:

Lisa Maxwell, Assistant City Attorney, City of Alameda

George Schlossberg, Esq., Kutak Rock

Michelle Giles, Base Reuse Manager

**NAS ALAMEDA
ANNUAL MARKET RATE RESIDENTIAL UNIT REPORT**

Pursuant to Section 3(g) of
NAS Alameda Economic Development Conveyance MOA

Effective: June 30, 2019

Payments Due to Navy for Excess Market Rate Residential Units:

EDC Residential Unit Baseline Amount:	2,011
Total Number of Existing Market Rate Residential Units ¹ :	505
Future Market Rate Unit Capacity	1,506
Total Number of Excess Market Rate Residential Units:	0
Less Total Number of Excess Market Rate Residential Units from Previous Unit Report Dated June 30, 2018:	0
Number of New Excess Market Rate Residential Units:	0
<i>Fifty Thousand Dollars (\$50,000) for Each New Excess Market Rate Residential Unit:²</i>	<u>\$0</u>

¹ The calculation for 505 existing units is 437 market-rate Bayport units plus 68 existing market rate units at NAS Alameda historic district residential subarea.

² The \$50,000 will be inflated pursuant to Article 2(a)(3) of Amendment No. 2 to the Economic Development Conveyance Memorandum of Agreement between the City of Alameda and the United States Navy, if excess market rate residential units are constructed.

**NAS ALAMEDA
BASELINE MARKET RATE RESIDENTIAL UNIT REPORT**

Pursuant to Section 3(g) of
NAS Alameda Economic Development Conveyance MOA

Effective: June 30, 2019

Baseline Residential Unit Report:

EDC Residential Unit Baseline Amount:	2,011
Total Number of Existing Market Rate Residential Units:	505
Number of Excess Market Rate Residential Units:	0